

February 28, 2007

The Honorable Judy Jacobs, Presiding Officer
The Honorable Peter Schmitt, Minority Leader
Nassau County Legislature
One West Street
Mineola, New York

Re: Proposed Agreements Between Nassau County and the Nassau Health Care Corporation

Dear Presiding Officer Jacobs and Minority Leader Schmitt:

I write regarding the proposed agreements between the County and the Nassau Health Care Corporation ("NHCC"), which I understand will be considered in committee by this Legislature on March 5. The NHCC plays an extremely important role as a community health center and the only safety-net hospital for Nassau's indigent and uninsured population. Chairman of the Board Martin Payson and Chief Executive Officer Arthur Gianelli have done outstanding work in developing a rational plan for the institution's survival. I applaud the effort by the administration and the NHCC to clarify and strengthen our relationship through these agreements now pending before the Legislature.

One aspect of the proposed agreements greatly concerns me, however, and I believe it must be changed to protect the interests of Nassau County residents who rely on the NHCC for medical care and County taxpayers. The County is the Health Care Corporation's largest creditor; we are the guarantor of approximately \$300 million in debt for the NHCC. To protect our mutual interests, the County and the NHCC entered into the Stabilization and Regulatory Agreements in 2004, which was approved by this Legislature. The Regulatory Agreement provides that the NHCC cannot sell or lease its real property without County Executive consent.ⁱ In addition, pursuant to the Regulatory Agreement, the NHCC granted the County a mortgage on its real property to the extent of the bond obligation. The Stabilization Agreement provides that if the NHCC sold the A. Holly Patterson property, the use of the proceeds would be subject to the County Executive's approval, and in the absence of an agreement, the proceeds would be applied to pay down the bonds that the County had guaranteed.ⁱⁱ

The proposed agreements eliminate these protections for the County. As the agreements are presently written, the NHCC would be permitted to dispose of the A. Holly Patterson property and lease any other NHCC property for up to 25 years. The County would have no voice in the decision. It is not in the interests of County residents who depend on NHCC or the taxpayers who have guaranteed the NHCC bonds to permit the sale or lease of the real property owned by NHCC without County Executive approval.

It is my view that if real property owned by NHCC is sold or subjected to a long term lease, the County Executive must retain oversight to ensure that the disposition of these assets and the spending plan for the proceeds is in the interests of the users of the health care facilities and County taxpayers. As the Stabilization Agreement provides, in the absence of agreement to the contrary, the proceeds should be used to pay down the debt guaranteed by County taxpayers. We can protect

County residents' interests, now and in the future, by requiring County Executive consent to the sale, lease or grant of any interest in NHCC's real estate. Those rights, which were established in the Regulatory and Stabilization Agreements, should be left untouched in these agreements.

My staff and I have conveyed other comments on the drafts as they currently stand, and hope to see some additional changes before the documents are brought up for a vote to the full Legislature. I appreciate the opportunity I have had to comment on earlier drafts, and anticipate that the other issues will be satisfactorily resolved.

Sincerely,

Howard S. Weitzman
Nassau County Comptroller

HSW:GMCG

cc: The Honorable Thomas R. Suozzi, Nassau County Executive
Arthur Gianelli, President/Chief Executive Officer, NHCC

ⁱ Regulatory Agreement §V [A] [1]

ⁱⁱ Stabilization Agreement §XII [C]